

INFORMATION PAPER

CEMP-EA
4 April 1997

SUBJECT: Evolution of Design-Build in the U.S. Army Corps of Engineers

1. Purpose. To provide information on Design-Build to the District Commanders.

2. Facts.

a. Design-build has evolved to be a valued tool in the project delivery process. In Fiscal Year (FY) 1973, we were limited to using design-build on Army Family Housing (AFH) projects. Since FY 73, AFH projects have used design-build; except on rare occasions.

b. From FY 87 through FY 91, each military service was required by Congress, under Title 10 United States Code (U.S.C.) Section 2862, to construct three projects using design-build per year (not including military family housing). If a proposed design-build project dropped out of it's proposed FY, another project in that FY had to be designated design-build to meet the requirement for three projects. This was the way the Congress encouraged the use of design-build, but conducted a controlled test of design-build; a prudent approach.

c. In FY 1992, the Congress changed Title 10 U.S.C. Section 2862, which permitted the use of design-build at the discretion and approval of each Military Services' Secretary concerned. The change also required the design-build contract to be a firm-fixed price contract awarded to a single contractor based on technical proposals and price (best value) to perform both design and construction of a facility using performance specifications

d. In FY 1993, the Commander, USACE issued policy memorandum # 8, which emphasized the use of the most appropriate acquisition method, design-build and others, based on the needs of the customer, the ability of the design district, and the ability of the design and construction industry. In a "corporate approach," HQUSACE established a Nontraditional Acquisition Team (NAT) was established to serve as a focal point for the development of criteria and guidance to USACE elements on design-build contracting and other project delivery methods.

e. On 29 October 1994, Design-Build Instructions (DBI) for Military Construction were issued to USACE field offices. The DBI provided the initial guidance to USACE field offices on the concept and process of design-build, and to provide a foundation for the USACE elements to approach design-build contracting.

f. On 24 January 1994, the NAT developed ER 1180-3-1, "Design-Build Contracting for Military Construction," which provided USACE elements requirements for using design-build just for military construction projects. This ER was superseded by ER 1180-1-9, "Design-Build Contracting," dated 8 September 1995. This ER applies to the use of design-build for military construction and Civil Works projects, and delegated the authority to approve the use of

design-build to each USACE Major Subordinate Command (MSC), and required MSCs and district commands to use the DBI to develop their own formal procedures and approach for design-build contracting.

g. In the six year period from 1986 to 1992, USACE Districts used design-build contracting on 33 new construction projects for Army, Air Force, and other customers. In the two year period from 1992 through 1994, USACE districts used design-build contracting on 28 new construction projects. This indicates that our rate of using design-build doubled from the previous six years.

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h. An Architectural and Engineering Instruction (AEI) has been prepared to serve as a guide for USACE elements when preparing technical (design) aspects for a design-build project RFP. A draft of the AEI is available through the HQUSACE Internet Home Page.

i. In the FY 96 Military Construction Authorization Bill (Title 10 U.S.C. Section 2305a), Congress passed legislative language, and the President signed into law, creating two-phased design-build selection process that further heightens design-build as a tool for facilities acquisition. Two-phase design-build procedures affords us an opportunity to minimize the preparation cost of design-build offers on the design and construction industry.

(1) Phase one: Evaluation of offerers qualifications, experience, management plan, and other nontechnical elements; ranking of the offerers; and selecting up to the top five qualified offerers to continue in the design-build proposal process.

(2) Phase two: The selected offerers from the first phase prepare their combined technical and related price proposal for the project; the offers are evaluated, and the design-build contract is awarded.

(3) The Federal Acquisition Regulation (FAR) was changed effective 2 January 1997 to accommodate the two-phase selection procedures for design-build. ER 1180-1-9 has been updated to provide criteria and guidance for one- and two-phased procedures for design-build; expected to be approved 15 May 1997.

j. A formal training course, PROSPECT No. 425, "Design-Build Contracting," has been developed for USACE staff.

3. This information paper has been approved by BG Phillip Anderson, Director of Military Programs.

Duncan/761-0437